

To each and every one of you who has participated in trying to formulate the new policies and trying to reach across partisan and other divisions to reach common ground, I thank you again for that. To each and every one of you who has had a good working partnership with our administration, I thank you for that.

I look forward to further progress. I do believe that the American people are now living and will move into a future which is characterized by greater possibilities for more people than have ever lived in this society. And what we have to do is to make sure that we can go forward together and that every single one of our citizens who is willing to do what it takes can realize those possibilities in his or her own life and that all of our children, without regard to their race, their income, their region, their station in life, have a chance to be a living embodiment of the American dream.

If we keep that as our goal we can bridge our differences. And when we leave here, and when the work of this year is done, we will be much better prepared to reap the benefits of that age of possibility. It is in that spirit that I ask you all to stand now as I offer a toast to Governor and Mrs. Thompson and to

all the Governors and their spouses and to our beloved United States.

[Following the President's toast, the dinner, and the entertainment, the President spoke again. His remarks were joined in progress.]

The President. —Gary Morris, thank you, Gary Hooker. We are doubly blessed tonight that Gary joined us because he just got married, and he's still here. And his wife, Elizabeth, is here. Thank you for coming. Please stand up. This man has a great gift, and I'm so glad he shared it with us tonight.

You're all welcome to stay awhile; music will be out in the foyer. It's been a wonderful evening for Hillary and for me. And again, you're welcome, and I look forward to seeing you tomorrow.

Thank you. Thanks again, it was great.

NOTE: The President spoke at 8:57 p.m. on the State Floor at the White House. In his remarks, he referred to chairman of the National Governors' Association Gov. Tommy Thompson of Wisconsin and his wife, Sue Ann, and vice chairman Gov. Bob Miller of Nevada and his wife, Sandy; singer Gary Morris; and musician Gary Hooker.

Remarks Prior to a Roundtable Discussion With the National Governors' Association

February 5, 1996

Good morning. Governor Thompson, Governor Miller, to all the Governors, welcome back to the White House and back to Washington for the annual meeting of the NGA. I know that you have been working very hard in a bipartisan fashion to try to reach agreement on a number of issues that are important to your people and to us here in Washington, including Medicaid and welfare, issues of education and training, and I look forward to discussing those.

I do want to say that all these issues have to be seen in light of the most important issue still facing us here today, and that is the Federal budget. As required by law, today I am submitting to Congress my proposed budget for fiscal year 1997. It balances the budget in 7 years, according to the Congressional Budget Office's

economic estimates. I want the Governors now to work with us to balance this budget, and I am very hopeful that we can achieve a balanced budget this year.

The plan I propose cuts hundreds of programs, continues our efforts to downsize the Government, but it protects Medicare, Medicaid, education, and the environment and cuts taxes for working families. It reforms welfare and addresses our challenges to renew schools, provide economic security, and preserve the environment with the initiatives that I announced in the State of the Union, including those on the environment and the educational initiatives of a \$10,000 deduction for college tuition, more merit scholarships, and a million young people able to work their way through college in work-

study. It includes the health care reforms that have historically received bipartisan support in the Congress, including requirements that people can't be cut off their insurance when they change jobs or when someone in the family gets sick.

As you know, the Republican congressional leadership and I have spent many months discussing this budget. We have spent well over 50 hours together in small meetings. Now, in common, our plans have \$700 billion in specific spending cuts. That is more than enough to balance the budget in 7 years and to provide a modest tax cut. I hope we can set aside partisanship and divisions, as you often do in the NGA, and provide a balanced budget plan to the American people in the near future.

You know how important this is. You have seen some of what happens when we have Government by continuing resolution. It really leads to irresolution. We have Head Start programs all over the country now staggering from month to month, school boards across the country actually planning for some layoffs because we do not have a final budget passed by the Congress.

I know you all have a stake in resolving this matter. I know we're going to discuss at least two issues today that if they could be resolved would help us to pass a balanced budget. And I am looking forward to it, the discussion of Medicaid, which I would like to say just a few words about—more when our private discussion starts. We want to restrain the cost of Medicaid. Our budget proposal has a rate of increase for Medicaid which is far below the projected rate of increase of overall health care costs. We know to achieve this we have to give the States far greater flexibility on how Medicaid will work. We also know, in this administration, that we must maintain a commitment, a national commitment, to seniors, to pregnant women, to poor children, to people with disabilities, that they will receive the quality health care they are now receiving.

Second, I believe we're close, Congress and I, to an agreement on sweeping welfare reform that is very consistent with what the Governors have advocated for years. It would reward work, require family and responsibility strengthening,

It would advance the values of the United States instead of undermining them. I know that you have some new proposals on that today, and I look forward to hearing them. I do believe we're quite close on welfare reform with the Congress. I do believe it is terribly important, and I hope we can do it, again, just in the next few weeks.

Third, I hope we have a chance to discuss how we should overhaul our Nation's job training system. More and more business leaders I speak with around the country tell me that they believe that in order to break this cycle of stagnant wages and job insecurity that is gripping about half our work force, we are going to have to do more to upgrade the skills of the existing work force. We're going to have to do it in a more innovative way. The "GI bill" for America's workers that I proposed would provide a collapsing of these scores of Government training programs the Federal Government has into a voucher that workers could receive directly and take to their local community college or other approved institution. I know we have some differences of opinion on that, but I do believe that in this case people are most likely to know their own best interests as long as they are protected from fly-by-night operations by our common endeavors.

At any rate, it is clear to me that unless we do something substantial to upgrade the skills of the existing work force, it's going to be difficult for them to break out of the cycle of stagnant wages and job insecurity that has prevented a large number of American families from enjoying the economic recovery that our country has had for the last few years.

Now finally, let me say something that I think we can all agree on. This is President Reagan's 85th birthday. They're having a big party in California. And I think every American citizen, and I know every American Governor, will join the Vice President and me in wishing him a very happy birthday and sending our best wishes to his entire family.

Thank you very much.

NOTE: The President spoke at 9:45 a.m. in the East Room at the White House.